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OFFICE OF CURRENT INTELLIGENCE
DAILY DIGEST OF SIGNIFICANT TRAFFIC

Date: MAR 13 1951

- NOTE:
1. This summary of significant reports has been prepared for the internal use of the Office of Current Intelligence. It does not necessarily represent a complete coverage of all current traffic in CIA or in the Office of Current Intelligence.
 2. Comment represents the preliminary views of the responsible analysts and not necessarily the final view of the Office of Current Intelligence.
 3. Marginal letter indications are defined as follows:
 - "A" - items indicating Soviet-Communist intentions or capabilities
 - "B" - important regional developments not necessarily related to Soviet/Communist intentions or capabilities
 - "C" - other information indicating trends and potential developments

DIA, DOS Declassification/Release Instructions on File

SECTION 1 (SOVIET)

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"A" USSR. No Evidence of Stalin Letter to Italian Communist Party. A report states that a survey of Italian sources discloses no indication of a letter from Stalin to Togliatti. [REDACTED] considers the receipt of such a letter unlikely in view of Togliatti's recent return from the USSR. [REDACTED] doubts that a letter would be used to communicate this type of information and states that Togliatti would not in any case reveal its receipt to the entire PCI Politburo. [REDACTED] the letter to be a war of nerves move in preparation for the prospective CFM. (Only). COMMENT: See O/CI Daily Summary of 10, 12 Mar 51 for information regarding reported Stalin letter to French and Italian Communist Parties.

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"B" Campaign Continues for Maximum Utilization of Machinery and Materials. The campaign for better utilization of machinery and materials which was started last December climaxed the budget addresses in the Supreme Soviet as a dominant theme. The intensity of this campaign has been unusual and merits close attention. By making industry and agriculture raise productivity by more efficient use of existing facilities, new investments in plant and machinery for the coming year could be devoted to building up military industries. (S MA Moscow 1040, Weeks 10, 11 Mar 51). COMMENT: For several weeks PRAVDA has been devoting daily attention to this campaign both editorially and by running reports from various enterprises throughout the country on the local measures taken to realize maximum productivity.

"C" Politburo Member Opens Discussion on the Future Structure of Consolidated Collective Farms. A speech by N. S. Khrushchev treating various aspects of the newly consolidated collective villages in the Moscow Oblast was delivered on 18 January but only published in PRAVDA and other papers on 4 March. The discussion centered around three aspects of the problem of consolidation: (1) village planning and layout; (2) local building material requirements; (3) changes in organizational structure to provide for permanent building brigades. A note in subsequent issues of the press stated that due to oversight, the 4 March papers had failed to state that Khrushchev's remarks were open to discussion, a highly irregular action. (C Emb Moscow 1623, 8 Mar 51). COMMENT: It is probable that a period of "discussion" was thought necessary to ameliorate the strong reaction among collective farmers which certain Khrushchev's suggestions was certain to arouse, particularly those which tampered with the location of peasant's private garden plot. While there appears to be no reason to believe that similar censure is in store for Khrushchev, the last time an article on a related subject by a Politburo member appeared in the Soviet press (Andreyev, 21 Dec 1949), it resulted in a public rebuke to the author.

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"A"

EASTERN EUROPE. ALBANIA. Internal Tension in Albania.

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Tirana reports that since 1950 the political climate of Albania has changed rapidly as Albanian officials have progressively yielded control to Soviet specialists whose numbers increase daily.

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regards the adoption of Soviet-inspired laws reorganizing industry and agriculture as tacit admission of the partial failure of the two year plan, which he believes is also responsible for the recent dropping of two young militants from the cabinet. Increasing aerial violations and the discovery of a well-organized, well-supplied underground have made Albanian leaders concerned for the internal solidarity of their regime. They have appealed to the police and courts to intensify their prosecution of "enemies of the people" and have enacted further repressive decrees. Moreover, the Albanian press and radio daily announce aggressive preparations on the part of Yugoslavia and Greece, apparently in order to rally the people by appealing to their patriotic sentiments and inflaming traditional hatreds. At the same time the propaganda is probably intended to justify overt Soviet control over Albania. (C Belgrade 1263, 10 Mar 51). COMMENT: The anxiety attributed by [redacted] to the Hoxha regime probably underlies the intensified anti-Tito and anti-Greek propaganda, as well as the recent cabinet shakeup and repressive decrees. Evidence of a recent increase in Soviet personnel has been reported from other sources. In regard to appeals to nationalistic hatreds, it should be noted that Hungarian and Rumanian Communists have also recently resorted to patriotic appeals.

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Saseno Island Question Recurs. Admiral Manola, Deputy Commander of the Yugoslav Navy, has expressed concern to the US Naval Attache that Soviet development of a submarine base on Saseno Island is again considered a possibility. The Admiral stated that the Yugoslavs have definite information as of 1 Feb that there is nothing in Valona Bay or on Saseno Island that was not there in 1945. He is of the opinion that construction activity extends no further than rehabilitating World War II defenses which, actually, form the only possible base for submarines. He feels that reports of submarine training in Valona Bay are without foundation. (S ALUSNA 6424 Belgrade, 10 Mar 51). COMMENT: Previous reports that the USSR is constructing a submarine base on Saseno Island have been discounted.

"C"

Responsibilities Assigned to People's Councils. The Presidium of the Albanian People's Assembly has taken a number of measures to strengthen local political power of the People's Councils. By a recent decree the Presidium has established commissions for budget, agriculture, forestry, public education, culture, public health, trade, local industry and communal economy. The main task of the commissions is to rally the interest of the whole population in participating in the practical activity of the People's Councils and in the advancement of local cultural and economic enterprises. (R FBID, 12 Mar 51). COMMENT: The decree is in keeping with the directions for paying special attention to local Communist Party organizations, as laid down in the Cominform Journal of 15 Dec. 50. It

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is significant to note that, at the same time that local political activity is hardening, a purge of dilatory, dissident Communist Party officials is taking place.

"A" CZECHOSLOVAKIA. Army Intelligence Chief Declared Guilty of Conspiracy.

Minister of National Defense General Cepicka announced on 9 March that his deputy, General Bedrich Reicin, and another high official in the Ministry (the son-in-law of deviationist Svermova), were "guilty of conspiring against the regime and of deviationism." In addition [REDACTED]

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[REDACTED] US Ambassador Briggs that General Josef Pavel, Deputy Minister of National Security and Chief of the Security Police (SNB), Imrich Vesely, Chief of the Political Police (STB), and General Zdenek Novak, Commandant of the Military District of Moravia, had all been removed from office. [REDACTED]

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stated on 8 March that Novak, Reicin, and Pavel had all been relieved and possibly imprisoned. A reliable private contact of the US Mission in Vienna also reported on 9 March that these same officials were allegedly under arrest. A UP dispatch datelined Praha, 11 March, adds Arthur London, Deputy Minister Foreign Affairs to this list of potential purgees.

(C Praha 566, 12 Mar 51; C Vienna 1973, 9 Mar 51; S US MA Praha 599, 8 Mar 51). COMMENT: General Reicin has been considered one of the pro-Soviet Communists in Czechoslovakia. He joined the Party well before World War II, during which he served as Education Officer with General Svoboda's Czechoslovak Legion in the Soviet Union. After the war, he reportedly returned to Czechoslovakia as an Army Intelligence (OBZ) agent and by 1948 had become the Chief of the OBZ section of the General Staff. In March 1949 he was appointed Deputy Minister of National Defense, but is believed to have continued in his position as Chief of the OBZ. His complicity in the recently uncovered conspiracy indicates that discontent with increasing Soviet domination of Czechoslovak affairs has become distasteful to even those who had been exposed to the most pro-Soviet environment during and after the war. Pavel, London, and Vesely have also been considered in the hard-core segment of the Communist Party.

"C" RUMANIA. Drive for National Roman Catholic Church. The Rumanian secret police have arrested Father Clemente Gatti, a Roman Catholic priest, bearer of an Italian service passport and Rector of the Italian Church, Bucharest. The arrest took place in the presence of the Italian Charge D'Affaires, who has protested to the Foreign Office and asked for information about Gatti's present whereabouts. While the police may present an individual case against Gatti, the move must be interpreted as part of the final Government drive to break connections between Catholics in Rumania and the Vatican. Gatti has been an important link between the Vatican and the Church in Rumania. Meanwhile the organization of pro-regime Catholics, called Status, assembled in Bucharest for a two-day meeting presumably to discuss plans for an autonomous Catholic Church in Rumania. (C Bucharest 633, 11 Mar 51; C Bucharest 634, 10 Mar 51).

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"B" YUGOSLAVIA. Purge of Cominformists in Croatia Reported. [REDACTED]

[REDACTED] a large-scale purge of Yugoslav Party members in Croatia was reportedly under way in February and early March. Many government officials suspected of Cominformism have been arrested in Zagreb and the area around Tito's residence in that city has been cleared of occupants. Reliable Party members have been moved into the houses vacated and concrete air raid shelters are now under construction. ([REDACTED] 12 Mar 51, B-3). COMMENT: In August and September 1950 three Serb officials in the Croatian Government were removed from their government posts and expelled from the Party because of alleged pro-Cominform activities. Although it was generally believed at the time that the affair was largely a manifestation of Serb-Croat animosities, the present purge, if confirmed, may be the result of evidence uncovered by the arrest of these men.

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SECTION 2 (EASTERN)

- "B" GENERAL. Further Moslem Reaction to Moroccan Situation. Developments in Morocco continue to hold top attention in the press of the Arab States, Pakistan, and India, even though excitement has subsided to some extent over the peak of a week ago (OCI Daily, 6 and 8 Mar 51). Arab dissatisfaction with the Moroccan situation is being highlighted by the current meeting of the Arab League Political Committee, which assembled in Cairo on 10 March. There now seems little prospect that the more extreme Arab demands--such as severing diplomatic relations with France--will be seriously considered. Primary Arab attention is now concerned with whether the League should demand action on the Moroccan question in the UN Security Council. (C Cairo 929, S Cairo 932, 10 Mar 51; S Baghdad, Karachi and Cairo Weekas, 9-10 Mar 51). COMMENT: Arab and other Moslem leaders are still seriously concerned over Morocco. The Arab governments, press, and political groups have capitalized on the question in part to divert public attention from problems closer to home. The most recent developments, however, indicate that many of the Arab leaders themselves feel that the Moroccan campaign has gone far enough, and realize that UN consideration of the Moroccan problem would give the USSR a chance to exploit the situation. The Arab League, therefore, is likely to settle for submitting a protest to the UN and for sending a committee to investigate the Moroccan situation at first hand.
- "A" GREECE. Communists Continue to Charge Greece with Aggression Plans. The Communist Free Greek Radio in Bucharest states that the arrival of General Eisenhower in Greece in March will be coordinated with that of General Montgomery and that these two will discuss the unleashing of a Greek attack on the Balkans. Eisenhower will give the final instructions for the invasion of Albania. (R FBIS, 9 Mar 51). COMMENT: The Cominform barrage of propaganda asserting that Greece is about to invade its northern neighbors continues at a high level. This type of propaganda is always disturbing because of the Soviet tendency to create excuses for initiating preventive countermeasures. However, no evidence that the USSR is planning an invasion of Greece is available. The Cominform may be expected to keep up such propaganda attacks as long as talk of Greek-Turkish participation in NATO, naval maneuvers in the eastern Mediterranean, the impending visit of important Western military officials, and improving Greek-Yugoslav relations continues, since such events provide "proof" of the validity of the Soviet accusations.
- "C" IRAN. Majlis Confirms Ala as Premier. Embassy Tehran reports that Hussein Ala's appointment as Premier was confirmed by the Majlis (Lower House) on 12 March by a vote of 69 to 20. The 8 members of the National Front walked out of the session. (U Tehran 2044, 12 Mar 51). COMMENT: Ala's appointment as Premier was confirmed unanimously by the Senate on 11 March. Press

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reports state that he plans to present his Government to the Majlis on the 14th. However the low vote which Ala received from the Majlis both illustrates the Shah's dilemma in finding a strong leader able to control and lead the turbulent and frequently irresponsible Parliamentary deputies and suggests that even if his government is accepted by the Majlis, Ala will have difficulty in providing the firm direction and control needed in Iran at this time.

"A" PAKISTAN. Communist Connections with Plot to Overthrow the Government. Additional information has been received regarding the alleged military plot to overthrow the Government of Pakistan, discovery of which was announced on 9 March (OCI Daily, 10 Mar 51). The name of Air Commodore M.K. Janjua, senior Pakistani officer in the Pakistani Air Force, now under house arrest, has been added to those of other military officers connected with the plot. Pakistani Government officials have informed US representatives that Major General Akbar Khan is a "hundred percent" Communist and that Faiz Ahmad Faiz, editor of the PAKISTAN TIMES, was definitely the agent provocateur for the Communists in the approach to the Army officers. Official Pakistani opinion seems to be that unrest in the armed forces over failure of the Government to solve the Kashmir affair was responsible for the conspirators' susceptibility to the Communist overtures. (S Karachi 825, 10 Mar 51; S Karachi 830, 12 Mar 51; U New Delhi 2396, 12 Mar 51). COMMENT: Information from [REDACTED] indicates that (1) Faiz Ahmad Faiz was once a Lt. Colonel in the Indian Army and may still have Army connections. He was also at one time President of the Pakistani Telegraph Workers' Union. (2) Maj. Gen. Akbar Khan may be the son-in-law of Begum Shah Nawaz, a well-known Pakistani liberal with Communist connections. He may have a relative in the Pakistani Ministry of Communications. (3) All military officers involved have personal or professional reasons for being emotionally upset and dissatisfied with their present situations. If the Communists can eventually be proven to have infiltrated the topmost levels of both the Pakistani armed forces and the Communications Ministry, US beliefs regarding the stability and security of the Government of Pakistan will need thorough revision.

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"B" THAILAND. Coup Rumor. The Thai Army and Navy are holding maneuvers this week. Government newspapers report that the police have been alerted and are seeking Admiral Taharn Kambiran, former commander of the Thai Marines, who allegedly planned to use the Navy in a coup attempt on Tuesday, 14 March. (C Bangkok 1364, 8 Mar 51). COMMENT: The order for Admiral Taharn's arrest was reported in the OCI Daily on 9 March 1951.

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"B" BURMA. KMT Troop Movement Planned. [REDACTED] US Embassy Bangkok that the Chinese Nationalist troops in the Burmese state of Kengtung are planning to move into southern Yunnan in the next few days. (C Bangkok 1382, 12 Mar 51). COMMENT: This force, the largest (2-3000) and best-organized group of Chinese Nationalists in Burma, has loudly pro-

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claimed its intent of throwing the Chinese Communists out of Yunnan. The Burmese Government would be relieved to see the troops depart. However, these troops have been receiving material and financial aid from sources in Thailand and it appears questionable whether their desire to liberate Yunnan will outbalance the attractions of their border haven.

- "A" MALAYA. Terrorism on the Increase. During the past week bandit activity rose in Malaya to a total of 108 incidents, of which 98 were "significant" and 49 "of major proportions". The largest number of these incidents occurred in the southern state of Johore. This development is particularly disappointing to the British since it had been planned to clear Johore completely and move the troops there northward by the end of January. The terrorists have apparently received no reinforcements; in consequence, the inability of the Security Forces to pacify Johore - after a major military and resettlement effort in that state - is baffling. (S Singapore #10, 9 Mar 51). COMMENT: The latest estimates from Malaya indicate that the deterioration in security noted during 1950 is continuing into 1951 and that no solution to the problem of Communist-led terrorism is as yet apparent.
- "B" INDONESIA. Cabinet Crisis Continues. Although Premier Natsir is not expected to return his mandate to President Soekarno, his government faces a critical test with the reconvening of Parliament on 20 March. Matters slated for immediate Parliamentary attention include controversial issues regarding which Government support is very doubtful. Discussions with the Indonesian National Party (PNI) on Cabinet composition are continuing. (C Djakarta 1227, 11 Mar 51). COMMENT: Unless the Government and the leftist PNI (not now included in the Cabinet) reach an agreement on Cabinet representation, that party undoubtedly will continue tactics to embarrass the Government and eventually cause its fall. Should an agreement be reached and the PNI taken into the Cabinet, the party's influence may force a reorientation of Government policy towards the left.
- "C" AUSTRALIA. Parliamentary Dissolution Possible. As a consequence of sustained opposition in the Labor-controlled Senate, Australia's Liberal-Country Party coalition Government is powerless to take effective action on its legislative program (including economic defense measures) and a dissolution of both houses of Parliament seems likely. Political opinion indicates that the Government would have strong popular backing at this moment but failure to act very soon would cause a reversal of this view. (R Canberra 246, 12 Mar 51). COMMENT: While a double dissolution and general election are possible, both labor and the Liberal-Country coalition will probably seek to avoid an election in the near future, for a variety of reasons. A statement to be made by Prime Minister Menzies next week may indicate what course of action the coalition Government intends to pursue.

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"A" CHINA. Communist Military Preparation on East Coast. Nationalist MND reports state that Chinese Communist activities indicate Peiping's intent to invade the guerrilla-held islands off the Chekiang coast. Considerable troop concentration is reported in the Wenchou area (opposite the Ta-chen Islands) and motor junks sufficient to lift 10,000 troops are currently anchored in the Ningpo-Chou Shan area. A field hospital unit was recently transferred to the Chou Shans. (S ALUSNA Taipei, 100827Z Mar 51).
COMMENT: Action against these islands has been anticipated for some time.

"A" Preparations Along South Coast. Nationalist MND also reports (1) busy shipbuilding in the Amoy area, (2) registration of seamen in the Foochow area, and (3) expansion of military recruiting in Fukien Province. In addition to these signs that the Communists are mobilizing for an offensive, presumably against Taiwan, the following defensive measures are reported: (1) completion of repairs to all highways along the Canton-Swallow coastal area in three months, (2) increase in defense works along the Canton-Kowloon railway and (3) construction of bomb-proof underground storage facilities in the Canton-Swallow area. (S ALUSNA Taipei, 100837 Mar 51).
COMMENT: Similar offensive and defensive preparations have been reported from this area for several months. There are as yet no precise indications of the timing of the anticipated invasion of Taiwan.

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 "C" CHIANG Opposes Third Party Movement. [REDACTED] in Hong Kong [REDACTED] the KMT

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Central Executive Committee recently decided to eliminate "third party" activities in Chinese communities throughout the world. This decision was based on CHIANG Kai-shek's belief that the growth of a "third party" movement constitutes a greater threat to KMT power monopoly than does the Communist Party, which CHIANG believes will be destroyed by the West.

25X1A Chiang also believes that the "third party" movement is growing because of US support. ([REDACTED]). COMMENT: The "third party" movement, which crumbled before the KMT was eliminated from the Chinese mainland, revived after US entry into the Korean war, which was regarded by anti-Communist Chinese as a certain indication that full US power would eventually be thrown against international Communism and that the Chinese Communist regime would, therefore, eventually be destroyed. Anti-CHIANG elements among the anti-Communist Chinese considered the US as essentially hostile toward CHIANG and, therefore, considered the current situation as propitious for the revival of a third party movement. The movement, however, still lacks leadership adequate to contend with the KMT and it is quite probable that the Generalissimo has initiated action to eliminate the movement before it can become a competitor for future domination in China.

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"B" Mainland Cotton Deficit. [REDACTED] firm wrote in January 1951 that 80% of China's 5 million textile spindles

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were operating 11 shifts a week. At this nearly maximum rate the source stated, the industry will run out of cotton three months before the local cotton harvest in the fall of 1951. Cotton dealers in Shanghai estimate that China's 1950 harvest - in terms of ginned cotton - was about 2,400,000 bales, of which 1,700,000 bales will be available for mill consumption, the remaining 700,000 bales being locally spun or used as cotton padding. (C

8 Mar 51). COMMENT: US Consulate Hong Kong offers a similar estimate of cotton output, although the Communists have claimed that 3,128,000 bales were harvested in 1950. Continued Communist insistence at full-scale operation of mills, in the face of a probable large deficit later in 1951, may indicate the urgency of current military orders for textile products.

"A" KOREA. Urgent Need for Medical Personnel in North. Radio Pyongyang on 10 March carried the announcement that the training of nurses was being undertaken by the Ministry of Health and the North Korean Red Cross. The Health Ministry is training "senior workers for health administration". On 1 February, a two-months' training course for 400 trainees was begun; a three-week schedule for 900 is expected to start on 1 April, and a further six-months' program - envisaging the training of 600 individuals - will start on 1 July. The Red Cross is running "many training schools for Red Cross nurses". (R FBIS, 12 Mar 51). COMMENT: The brevity of the periods of instruction indicated in this announcement appears to confirm North Korea's desperate need for medical personnel. The timing of the periods is also of possible interest since it coincides with the timing of the "4th phase" offensive.

"C" ROK Technicians Abroad Balk at Return to Homeland. Ambassador Muccio in Korea reports that the refusal of US- and Japanese-trained Koreans to return to Korea unless offered "appropriate" positions is simply an attempt to avoid leaving a pleasant life abroad. Muccio opines that only US refusal to further extend immigration permits will pry these trainees loose. (R Pusan 794, 10 Mar 51). COMMENT: Although Ambassador Muccio is undoubtedly correct in his assessment of the motive underlying the reluctance of ROK technical trainees at present, it should be noted that ROK technicians who returned from abroad in the pre-hostilities period were frequently kept from suitable employment by the ROK government, which favored local political appointees.

"A" JAPAN. Attorney-General Outlines JCP Plans for Arms Purchase. Attorney General OHASHI Takeo declared before the Cabinet on 9 March that the Japan Communist Party is working out a fund-raising campaign to purchase weapons. He also stated that the Party is using ciphers in their communications. (R FBIS, 12 Mar 51). COMMENT: While the JCP may well be working out such a campaign and also using ciphers, OHASHI has made similar pronouncements in the past without convincing evidence. Satisfactory confirmation regarding JCP collection of arms has been lacking to date.

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MAINICHI Warns Against Overoptimism. MAINICHI, in an 8 March editorial, warned the Japanese that they should not overestimate the political significance and economic benefits of the proposed economic link between Japan and the US. It is dangerous to think that a great boom will visit Japan when American credit is granted, the paper said, for although the US requested a survey of Japan's production capacity on some 60 items, this does not mean that there is a huge demand forthcoming from the US. (R FBIS, 12 Mar 51). COMMENT: Japanese newspapers have been giving top play for the past week to a rumored US-Japan economic alliance which envisions a 2 billion dollar loan to Japanese industry and the use of Japan's idle industrial capacity for the US defense effort. These rumors appear to be based at least partly upon wishful thinking of Japan's industrialists who are concerned over their raw materials position, and an unfortunate let-down seems inevitable.

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SECTION 3 (WESTERN)

"B" FRANCE-GERMANY. German Counterproposal for Organization of European Army. The German delegation to the European Army Conference rejects the French idea of a regimental combat team (RCT) as the basic national unit, and proposes instead a "combat group" which would be, in effect, a small division. The Germans believe that all elements of each operating unit (including artillery and tactical aviation) should be of the same nationality and under the same national command. In rebuttal, the French military advisor, elaborating the view that a mixed division is not only militarily sound but also politically essential, has stressed French opposition to the creation of national divisions. The Germans, however, in order to surmount the political difficulties involved, are ready to renounce all armament production except small arms for police. Pressed by the Italians, the French have reluctantly agreed to study the German proposal, whereby units of different nationality would be combined at the army corps level, rather than in the smaller divisional contingents. (S Paris 5387, 9 Mar 51). COMMENT: French fear of the formation of a German general staff will cause them to resist strongly all such German proposals. The German offer to accept a drastically curtailed armament program can hardly appeal to the French who, far from intending to facilitate Germany's return to predominance in civilian markets, will insist on an equitable distribution of defense production burdens.

"B" ITALY. Nationalists Step up Agitation over Trieste. Small bombs, allegedly thrown by neo-Fascist youth elements in protest against the non-return of Trieste to Italy, caused minor damage to a US Embassy building in Rome on 13 March. In Trieste pro-Italian nationalists

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have recently declared the occupation by Western troops of Yugoslav-held Zone B of the Free Territory a prerequisite for Italian participation in a Mediterranean pact or acceptance of military agreements with Yugoslavia. (C Trieste 515, 5 Mar 51; C Rome 3997, 12 Mar 51). COMMENT: The Trieste question, on which the great mass of Italians feel more strongly than on any other issue deriving from Italy's losses under the peace treaty, is now being accentuated in the public mind by the current De Gasperi-Sforza conversations with Attlee and Morrison in London. Further bomb-throwing incidents and even large-scale demonstrations may be expected on the part of extreme rightist nationalists as part of their campaign calling for the return of Trieste.

"B" ITALY. Italians Weigh Violation of Peace Treaty. Defense Minister Pacciardi has informed US Embassy officials that a contract for the manufacture of munitions in Italy for the Indonesian Government has been referred to the Defense Ministry by the Foreign Affairs and Foreign Trade Ministries. At the same time Pacciardi stated that he was not asking permission to enter into the contract which was the responsibility of the Italian Government. He also emphasized that he was aware that no one could give authority to alter the peace treaty, and he was not asking for such authority. [REDACTED] 9 Mar 51). COMMENT: Under rising nationalist demands for an end of the peace treaty limitations, the Italians may possibly attempt piecemeal violations of the military limitations of the peace treaty until it becomes a dead letter. By this means the Italians would be able to utilize their military manufacturing potential with a minimum of legal complications. At the same time the Italians will continue to urge all signatories, including Tito to support Italian rearmament beyond the Peace Treaty, in order to justify the de facto abrogation of the Treaty.

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"B" SPAIN. Barcelona General Strike Evidence of Popular Dissatisfaction. On 12 March all workers in Barcelona, except those in public utilities, went on strike in protest against the high cost of living. The protest was directed specifically against the Falange-controlled Government food distribution agency. There were instances of violence, but by afternoon the police forces were reported to have restored order, and the workers are expected to return to work today under threats of heavy penalties by the Civil Governor. The strike stemmed from the successful popular strike of 1-6 March against increased streetcar fares. (See OGI Daily, 7 March, p. 11). (U, New York Times, 13 Mar 51; AP Ticker 13 Mar 51). COMMENT: This is the second general strike to occur under the Franco regime. (The first took place in Bilbao in 1947.) Although the Government has attributed the strike to Communist agitation, it is highly doubtful that the Spanish Communist Party could organize such a demonstration involving various political elements. The strike is chiefly significant as a manifestation of the growing desperation of the Spanish worker as a result of his ever-increasing economic hardship.

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"C" UNITED KINGDOM. Second Round of Wage Demands Seems Imminent. With groups of workers in heavy industry and in the shipyards of the Liverpool area currently staging minor strikes and slowdowns to obtain higher piece rates, US Embassy London estimates that a second round of wage demands is imminent. Workers in heavy industry and shipbuilding were among the first to receive wage increases last year when the Government assented to an all-round pay raise of about 5%. (London, WEEKA #10, 9 March 51; S London, 4819, 8 March 51; London, Desp. 3318, 16 January 51). COMMENT: Although not expected to materialize in large scale strikes at the present time, these labor troubles are (1) immediate obstacles to the rearmament and export programs, and (2) omens of a difficult year for the Labor Government in its relations with the trade unions. Since rising living costs have just about cancelled out earlier wage increases, the labor rank-and-file will increase their efforts for a corresponding raise in wages and the recently concluded agreement for a 7½% wage increase for railway workers is likely to be regarded as further justification for wage claims. The Government will feel compelled to resist these demands as inflationary pressures. There is little doubt that the Communists will use every opportunity to exploit the situation.

"C" Conservatives Adopt More Aggressive Parliamentary Tactics. The Conservative opposition has now adopted harassing parliamentary tactics, involving unexpected calls for votes on minor policy or procedural matters, in an effort to wear down the Labor members. The Conservatives hope to hasten their advent to power by this form of parliamentary warfare (in addition to frontal attacks on major Government policies) despite the resultant strain on their own MP's and the possible public revulsion against such political methods. (C London 4861, 9 Mar 51). COMMENT: Adoption of this strategy testifies not only to the impatience of Winston Churchill to return to 10 Downing Street but also to the growing conviction of the Conservatives that they will win a general election if they can precipitate one soon.

"C" UK Cabinet Concerned over Troop Drain in Malaya. The UK Cabinet, disturbed by the Malayan situation's heavy drain on limited UK troop resources, has summoned Commissioner-General MacDonald to London to confer, but has not fully accepted his optimistic report of the progress being made toward the restoration of order. Despite MacDonald's qualified prediction that some troops may be released for duty elsewhere in about six months, various technical suggestions and criticisms were made by London officials, and further discussions were scheduled. (S London 4857, 9 Mar 51). COMMENT: This Cabinet scepticism probably will not result in any major changes of policy in Malaya at this time, but the incident

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reflects the growing concern which has been expressed both in Parliament and in the press. It is likely that this kind of pressure on MacDonald will continue.

- "C" DENMARK. Danish Foreign Office Perturbed over US Activity in Greenland. The arrival of 40 US airmen from Newfoundland at Bluie West 8 (Sondre Stromfjord), Greenland, to establish a radio station without prior approval by the Danish Government in Copenhagen has greatly alarmed the Foreign Office, which fears adverse parliamentary and public reaction if the US action becomes known before contemplated negotiations for an expansion of US activity in Greenland are completed. (TS Copenhagen 754, 9 Mar 51 and State 17 to Amer Consulate, Godthaab, 9 Mar 51). COMMENT: The Danish Government, which is very sensitive about US bases and activities in Greenland, desires to avoid anything which might be interpreted by the Danish public and/or the USSR as indicating a surrender of Danish sovereignty. The Danes apparently fear that, if the facade of Danish authority in Greenland is in any way impaired, the USSR might develop an unhealthy interest in the Danish island of Bornholm, strategically located in the south Baltic.
- "C" NORWAY. Participation in European Command Approved. The Storting (Parliament) approved on 12 March Norwegian participation in the joint European command. The Government is authorized to decide what Norwegian forces will be under the Supreme Commander in the event of war and what forces Norway will contribute to the integrated peacetime forces. It is also left to the Government to determine further Norwegian participation in German occupation as well as possible inclusion of the Norwegian occupation brigade in the integrated forces. (See OCI Daily, 28 Feb 51). (U Oslo 910, 12 Mar 51).

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DAILY DIGEST SUPPLEMENT

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(S/S Cable Supplement not for dissemination outside O/CI and O/NE)

OFFICE OF CURRENT INTELLIGENCE
DAILY SUMMARY OF SIGNIFICANT S/S CABLE TRAFFIC

13 March 1951

DEPUTY FOREIGN MINISTERS' CONFERENCE

UK and French Delegations Pushing for Foreign Ministers' Conference. At a tripartite meeting among the US, UK and French delegations to the Deputy Foreign Ministers' Conference in Paris, the Chief of the UK delegation, with French support, appealed strongly "for doing everything possible excluding appeasement or acceptance of the Soviet agenda" to insure that a Foreign Ministers' Conference would be held in an effort to buy time and avert war. British public opinion, he said, favors such a conference "if only for the sake of meeting". The Chiefs of both the UK and French delegations admitted that they wanted "to make it easier" for Gromyko to seek revised instructions and for Moscow to accept the Western delegations' agenda proposal, and insisted on agreeing to "demilitarization of Germany" as an item in the revised agenda proposal. The Chief of the US delegation "reviewed the ABC of negotiating with the Soviets", pointing out that partial concessions to the USSR do not induce them to reciprocate. (S S/S Paris 5291, 10 Mar 51). COMMENT: In both the UK and France, there is widespread public expectation that a Foreign Ministers' Conference will be held, and both Governments are under considerable pressure to explore every avenue to this end, regardless of the chances for reaching a modus vivendi in such a conference. These Governments are not inclined to believe that concessions regarding the agenda would necessarily prejudice the Western position in the final conference.

SECTION 1 (SOVIET)

"A" USSR. Rumored Soviet Approach to NE Countries for Neutrality Assurance. [redacted] in Moscow showed US Emb Moscow a cable, dated 18 Jan. from the [redacted] reporting a conversation said to have taken place between the Pakistan Prime Minister and the Syrian Prime Minister. The latter said that the Soviets had officially approached the Egyptian Government for assurance of Egyptian neutrality in event of war, and had made similar approaches to other NE governments, notably Turkey. He said the Syrian Government had not yet been officially approached by the USSR in this regard. (S S/S Moscow 1641, 10 Mar 51). COMMENT: There have been recurring rumors ever since the fall session of the UN General Assembly about alleged Soviet approaches to NE governments on the

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subject of neutrality pacts. (The Arabian UN delegation in December 1950 reported that the USSR had made moves towards some NE governments, but that those Arab governments had rejected the Soviet overtures. Another rumor to that effect was reported by the Israelis in respect to the January meeting of the Arab League.) While a major objective of Soviet NE policy is to secure the neutrality of the area, and while certain "neutrality" circles in Arab countries undoubtedly encourage the USSR in their efforts to influence NE opinion, there has been no specific evidence of any such approach being made by the USSR to a Middle East country. It may be that Qudsi picked up the rumor of an approach to Turkey, in view of a report (See O/CI Daily of 1 Mar 51) that the USSR might be seeking to effect a pact with Turkey. However, there is no evidence that any conversations have taken place between the USSR and Turkey, and it is highly unlikely that Turkey would be susceptible to any overtures.

"B" Deputy Foreign Ministers' Conference. Soviet Propaganda on CFM Lauds USSR Proposals and Accuses West of "Stifling Tactics". Extensive propaganda support of Soviet agenda proposals is offered along with assertions that the US with French and British support is attempting to foist an agenda on the CFM which "would disregard main problems of peace and security". TASS said that the USSR considers any agenda unsatisfactory if it does not include the question of "demilitarization of Germany and inadmissibility of her remilitarization". Gromyko's challenge to the West position that reduction of armed forces of the Big Four does not merit a place on the agenda as an independent item was reported in such a way as to leave the impression that consideration of this proposal, as expressed by the USSR, is the only way in which the alleged "frantic arms race" can be discussed (R S/S Moscow 1631, 8 Mar 51; S S/S Moscow 1637, 9 Mar 51; U-FHIS 9-12 Mar 51). COMMENT: Soviet reports and comments and the Soviet attitude at the deputies' meeting at this time show primary interest in exploiting the talks for propaganda against the West's rearmament, and have given no indication of making the concessions necessary to achieve an actual meeting of the Foreign Ministers.

SECTION 2 (EASTERN)

Eastern Asia

"A" INDOCHINA. French foresee Viet Minh Offensive. General De Lattre, Commander of French forces in the Far East, believes that French intelligence has established the Viet Minh intent to launch a large-scale offensive in Tonkin between 15 and 20 March. De Lattre estimates, however, that -- as a result of delays in the despatch of military equipment from China -- the Viet Minh will not attack before 25 March. De Lattre thus feels he has enough time to proceed to Paris, press his demands for reinforcements,

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and return to Indochina before battle is joined. Even without these reinforcements (approval of which has been delayed by the French cabinet crisis) the General "hopes" to repulse the attack, since his own military preparations are well-advanced and his troops are in good spirits. De Lattre does not think the Chinese Communists will participate in this March attack. He believes they may do so in August or September, however, at the end of the rainy season. If he gets the desired reinforcements, some US jet aircraft and two aircraft carriers from France, De Lattre "gives himself a very good chance" of holding such a Chinese invasion, providing it does not take place until later in the year. (TS S/S Saigon 1603, 11 Mar 51).

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